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TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director

DATE: January 23, 2006

SUBJECT: Educational Loan Notes

WEB SITE HAS A NEW LOOK

The Michigan Guaranty Agency (MGA), as part of the Student Financial Services Bureau (SFS), unveiled a new look for its Web site at michigan.gov/studentaid this month, offering a cleaner design and a sharper focus on its mission to assist citizens to pursue postsecondary education by providing equality of access to student financial resources and information. SFS annually administers more than \$249 million in state-funded grant, scholarship, and work-study programs and offers guarantees on federal student loans to Michigan borrowers.

The SFS Web site currently hosts an average of 115,000 visitors per month consisting of Michigan residents, students, financial aid professionals, and lenders. Because SFS offers so many services to so many different clients, the newly designed Web site is streamlined to quickly direct different users to their respective topics of interest. Additionally, the new site features brighter and more inviting colors, customized highlight boxes to update users on topics of particular interest to them, and consolidated content to deliver financial aid and scholarship information as efficiently and accurately as possible.

The new Web site is a work-in-progress as MGA and other SFS staff continue to update information and fine-tune the look and feel of the site. If you have any bookmarks for the old site (i.e., a bookmark to the MGA Supplies Order Form) you will need to update those links. Questions, comments, and suggestions for the Web site should be directed to Justin Draeger at 1-800-642-5626, extension 31940, or via email at draegerj@michigan.gov.



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FERPA AND THE FINANCIAL AID OFFICE

The Family Educational Rights and Privacy Act, often referred to as FERPA, was signed into law by President Gerald Ford on November 19, 1974. The act protects the privacy of information in education records and applies to any school that receives funding from the federal government. FERPA pertains to all areas of educational institutions, not just the financial aid office. Due to the nature of the information handled in the financial aid office, however, FERPA impacts the daily procedures and responsibilities of financial aid staff.

It is important that all employees in the financial aid office understand the importance of FERPA and respect the privacy of students' education records. Financial aid offices often employ student workers who may not have experience working with confidential information and therefore require extra training. Along with training on FERPA regulations, many offices require that employees sign a confidentiality agreement. In this statement employees agree that they understand the requirements specified by FERPA and will maintain the confidentiality of all education records to which they have access.

Much of the information used and maintained in the financial aid office is considered to be part of students' education records, and according to FERPA, may not be released without written consent. Following are examples of common confidential information used by financial aid staff. Please note that this is not a comprehensive list.

- Federal student aid eligibility and disbursement records.
- Students' financial accounts.
- Financial aid applications.
- Federal work-study payroll records.
- SARs and ISIRs.
- Professional judgment documentation and decisions.
- Financial aid history.
- Verification documents.
- Satisfactory Academic Progress documentation.
- Entrance and exit counseling documentation.

Conversations are an area that should be closely monitored to ensure that FERPA is not being violated. Before providing any non-directory information from students' education records, staff should confirm that the requestors have the right to the information that they are requesting and that they carefully identify the individual. Even accidental disclosures of confidential information are violations of FERPA.

Another problematic situation is dealing with parents of independent students. It is important to remember that only parents of dependent students (students claimed on the parents' taxes) have access to students' education records. Parents of independent students do not have access to education records without the student's written consent, even if they are paying the bills. Financial aid employees need to understand the difference between dependent and independent under FERPA and be able to explain the regulations to parents who may become frustrated when they cannot get the information they want.

Remember that even though a student is dependent for financial aid purposes, you may not be able to release the information to the student's parents. The chart below compares the dependency status for FERPA versus dependency as defined for the Free Application for Federal Student Aid (FAFSA).

In addition to parents, other involved relatives might request information from the financial aid office. Often grandparents, aunts, or uncles may have raised the student acting as parents, but they do not automatically have access to education records. In these circumstances it is important for students to sign consent forms to release information from their education records to these relatives. Without a written consent, only directory information should be released to any relative other than parents of dependent students.

When employees from other departments request information from the financial aid office, it is important to remember that under FERPA they have access only when it is for a

(Continued on the next page.)

legitimate educational interest. Your office may find it helpful to inform other departments of your procedures for releasing information from education records.

For additional information and guidance see:

- *2005-2006 FSA Handbook*, Volume 2, Chapter 9.
- Code of Federal Regulations *34 CFR 99*.
- American Association of Collegiate Registrars and Admissions Officers (www.aacrao.org).

Technical assistance and advice for school officials:

- Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-4605
- Phone: (202) 260-3887
- Fax: (202) 260-9001
- Email: FERPA@ED.gov
- Web site: www.ed.gov/offices/om/fpc

Dependency Status: FERPA versus FAFSA		
	<i>FERPA Dependency Status</i>	<i>FAFSA Dependency Status</i>
Student is 18 years old and was claimed on parents' taxes.	Dependent	Dependent
Student is 23 years old and was claimed on parents' taxes.	Dependent	Independent
Student is 21 years old and was not claimed on parents' taxes.	Independent	Dependent
Student is 21 years old and was claimed on stepparents' taxes.	Dependent	Dependent

WHIZKID VERSION 10 TRAINING

Please join us for the WhizKid® Version 10 and OpenNet® training on Wednesday, February 8, 2006, from 9:00 a.m. – 3:00 p.m.

The Michigan Guaranty Agency, in partnership with Sallie Mae, is pleased to offer training on WhizKid Version 10 and OpenNet Web-based processing. Agenda topics include updates to the new WhizKid Version 10 in the morning and enhancements to OpenNet Web-based processing in the afternoon. This training is ideal for new staff or for schools that are changing their processing scenario. Gaynel Bryan, Senior Electronic Delivery Analyst from Sallie Mae, will be the trainer.

Training will be held at Lansing Community College, West Campus/M-TEC, 5708 Cornerstone Drive, Lansing, Michigan.

Workshop materials and lunch will be provided. **There is no charge for this training.**

Registration information was sent via email on January 17. To register, contact Stacy Cardwell at cardwells@michigan.gov. If you have any questions regarding the training, please contact Flora Boles at extension 52882, or via email at bolesf@michigan.gov.

The meeting site is handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Flora Boles at extension 52882, at least ten days before the event/meeting. Any requests received after January 30, 2006, cannot be guaranteed.

COLLEGE GOAL SUNDAY 2006

On Sunday, February 12, 2006, Michigan will join 25 other states in hosting the annual College Goal Sunday event. This event offers parents and students the opportunity to meet with student financial aid professionals and get help with completing the FAFSA.

Some of the sites will provide access to computers so families can file the FAFSA online while they are there. At the Lansing site, parents and students will have the option to listen to a general financial aid presentation and meet individually with financial aid professionals. Lansing is among the locations that will make computers available so parents and students can go online to complete and submit the FAFSA. The Training and Development Section of MGA is responsible for coordinating the Lansing site.

Attached to this issue of *Educational Loan Notes* is a list of Michigan's College Goal Sunday locations. For more information on the documents parents and students need to bring with them to complete the FAFSA go to michigan.gov/studentaid and click on the College Goal Sunday link.



A student and her parents get answers to their financial aid questions during last year's College Goal Sunday event.

HIGH SCHOOL COUNSELOR VIDEOCONFERENCE

The annual High School Counselor Videoconference sponsored by SFS and the Michigan Student Financial Aid Association (MSFAA) was held on November 18, 2005. The purpose of the videoconference was to provide high school counselors with updated state and federal student financial aid information so they can assist parents and students preparing to fund their college education. Twenty-two sites throughout the state were available to the 967 counselors who attended the videoconference. The sites included college and university campuses as well as two intermediate school district offices.

Overall, counselors' evaluations of the videoconference were positive. They were appreciative of the opportunity to receive the updated information and to participate in the interactive question and answer (Q & A) session following each presenter. A new presentation by the U.S. Department of Education Office of the Inspector General was added this year that gave counselors information regarding financial aid consultant scams – what to watch out for and how the government conducts the investigation and subsequent prosecution of these fraudulent practices.

The Q & A data is being compiled and will be available on the SFS Web site at michigan.gov/studentaid before the end of January. The financial aid PowerPoint® presentations shown at the videoconference are available now. Counselors may also request copies of the videoconference in VHS format as well as copies of the handouts provided at each site. Requests may be made to Peggy LaFleur at extension 38319 or via email at lafleup@michigan.gov.



Sunday, February 12, 2006

LE\$SON\$ IN DOLLAR\$

The MSFAA Early Awareness/Multicultural Outreach Committee (EAMO) hosted their LE\$SON\$ IN DOLLAR\$ program at Cedar Springs High School. A group of 83 seniors participated in this seven-week program. Each week different speakers presented information on a variety of topics including:

- Financing your education
- College choices
- “Extreme Reality” (budgeting for the future)
- Satisfactory academic progress
- Debt management
- FAFSA application
- Web sites for scholarships

Students were then asked to write a 500-word essay on what they had learned through the presentations and why they were deserving of a scholarship through MSFAA. The essays were reviewed by EAMO committee members, and the top essays were chosen. On December 6, 2005, MSFAA awarded 12 students a total of \$6,000 in scholarships, as well as food and other gifts contributed by Michigan colleges and universities. The students gathered in the cafeteria for a catered lunch provided by Shashanta James from Western Michigan University. Barbara Banks from the University of Michigan-Flint spoke while Becky Powell from Montcalm Community College and Patty Hill and Jim Swisk from the Michigan Guaranty Agency gave out certificates of program completion and gifts. By the end of the ceremony, each student who submitted an essay walked away with one or more of the gifts.

The scholarships ranged in value from \$150 to \$1,200. Devon VanGessel and Jessie Gillette

were the two top scholarship recipients and received \$1,200 and \$1,000, respectively. Other winners of scholarships were Jennifer Sanders, Erica Grannis, Brandi Totten, D.J. Davis, Cassie Jenkins, Holly Bremmer, Rebekahh Visser, Michelle Campbell, Zach Garnsey, and Rob Shivley.

Congratulations to each of these students on a job well done!

CORRECTION TO 2006-07 FAFSA INSTRUCTIONS FOR QUESTIONS 37 AND 75

The final version of the 2005 IRS 1040EZ form changed the 1040EZ instructions and worksheet for determining number of exemptions. Because of this IRS change, the current 2006-07 FAFSA instructions for questions 37 and 75 are wrong, although ED states that the information reported in those questions will have no impact on a student's eligibility for federal student aid. Corrections are being made in FAFSA on the Web and FAA Access and in online FAFSA PDF files, but cannot be corrected in the paper FAFSA and Worksheet until future reprints. The U.S. Department of Education (ED) acknowledges that some state agencies and institutions use the number of exemptions in making their own awards, but hopes this issue will not have a major impact since 85% of students now file electronically and FAFSA on the Web can be corrected immediately. The correct instructions for questions 37 and 75 maybe accessed at the following link: <http://www.nasfaa.org/publications/2006/eafafsacorex011706.html>.

SPECIAL ALLOWANCE RATES

The new special allowance rates have been released by the Office of Federal Student Aid. The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending December 31, 2005, is **3.93** percent. Also, the average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending December 31, 2005, is **4.32** percent.

(Continued on the next page.)



MSFAA scholarship recipients proudly display their awards.

Attached to this issue of *Educational Loan Notes* are special allowance charts with rates based on the 91-day Treasury bill average and the three-month commercial paper average for the quarter ending December 31, 2005.

For questions, please contact Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

SECURITY GUIDELINES FOR FINANCIAL INSTITUTIONS

The Federal Bank and Thrift Regulatory Agencies recently published a compliance guide for the *Interagency Guidelines Establishing Information Security Standards* (Security Guidelines). The compliance guide reviews the requirements of financial institutions to protect customer information.

The following information can be found in the compliance guide:

- Detailed explanations of the core terms used in the Security Guidelines.
- Information to help financial institutions assess risks and design and implement an information security program.
- Proper disposal of customer and consumer information.
- Responses to incidents of unauthorized access to customer information.
- How to oversee service providers that have access to customer information.
- A directory of resources that may be helpful in assessing risks and designing and implementing information security programs.

To access additional information and a copy of the compliance guide go to: www.fdic.gov/news/news/press/2005/pr12705.html. Questions regarding this matter may be directed to Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

IRS PUBLISHES 1098-E PENALTY WAIVER INFORMATION

The IRS has published Notice 2006-5 that contains information for payees/filers seeking a waiver of penalties for failure to report payments of loan origination fees and capitalized interest received in 2005 on qualified education loans made on or after September 1, 2004. IRS regulations require that payees/filers report this information as well as regular payments of interest.

This requirement was suspended for payees/filers having to report payments of loan origination fees and capitalized interest received in calendar year 2004 to allow for time to make necessary programming changes to capture and report these payments received in 2005 and future years. Payees/filers are now obligated to comply with this requirement; however, if they are not able to they may request that the IRS waive any penalties that might be imposed.

Notice 2006-5 provides waiver relief guidelines for payees/filers who can establish “**reasonable cause**” for failing to report loan origination fees and capitalized interest on qualified education loans such as “**mitigating factors**” with respect to the failure or if the failure “arose from events beyond the payee/filer’s control.” In addition a payee/filer must show that they acted in a responsible manner both before and after the failure occurred. Payees/filers seeking a waiver under this notice should send their request in the text of an email to: 1098ewaiver@irs.gov on or before the due date of the information returns. The IRS will acknowledge receipt of a waiver request under this notice.

More information on what to include in the waiver request and a copy of IRS Notice 2006-5 is available at: <http://www.irs.gov/pub/irs-drop/n-06-05.pdf>. If you have any questions regarding this matter, please contact Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report all status changes to their guarantors throughout the life of a loan. MGA encourages its lenders to report status changes on a monthly basis. It is crucial that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate.

Status changes to report include, but are not limited to:

- Enrollment status changes.
- Cancellation of all or a portion of the loan.
- Loan sales or transfers.
- Disbursement date changes.
- Date loans enter repayment.
- Loans that have been paid-in-full or consolidated.

Forms currently used by lenders to report changes are:

- Loan Maintenance form
- Loan Change form
- Disbursement Change form
- Borrower/Student Personal Information form
- Sub\Unsub Reallocation form

If you need to order forms please visit our Web site at michigan.gov/studentaid. Choose "Lenders, Servicers, Partners" on the left hand navigation bar, then choose "Lender Resources" and "Request for Supplies and Publications." If you require assistance with reporting to the NSLDS or have other questions or concerns regarding NSLDS reporting, please contact Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

UPDATED SCHOOL LIST SENT TO LENDERS

The new "Active Michigan School List" dated January 3, 2006, was mailed the first week of January. You may obtain additional copies of MGA's school list by contacting our mail room at extension 60607. If you have any questions regarding the new list, please contact Stacy Cardwell at extension 36074.

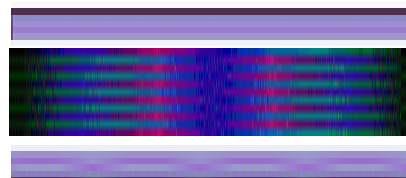
LENDER LIST UPDATES

School personnel continuing to use their paper copy of MGA's "Participating Lender List" should record the following actions on the list dated April 28, 2005. Please make the appropriate changes in all sections of the list as needed.

To access the most current lender information and eliminate the need for manual updates, use the electronic version of MGA's "Participating Lender List" available at michigan.gov/studentaid. Select "Financial Aid Professionals," and then "FAA Resources." If you have any questions regarding MGA's "Participating Lender List," please contact Pat Fromm at extension 36076, or via email at frommp@michigan.gov.

Joined Referral Program

Grand Rapids Municipal Employees Credit Union, 222021, has joined the LaSalle Bank referral loan program. The address is c/o Nelnet, Inc., P.O. Box 82596, Lincoln, NE 68501-2596. Telephone number: 877-804-3603.



Calendar of Upcoming Events

January

29-Feb. 1 MSFAA Winter Conference
Radisson Plaza Hotel
Kalamazoo, Michigan

February

8 WhizKid Workshop
Lansing Community College
West Campus
Lansing, Michigan

12 College Goal Sunday
22 Locations throughout Michigan

20 MGA Offices Closed

March

21 Mapping Your Future Evening Chat
Applying to and paying for college
(including student loans).
7:00 – 8:00 p.m.

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944 or via email at petersonj@michigan.gov.

COLLEGE GOAL SUNDAY

February 12, 2006

Michigan Locations

Auburn Hills/Pontiac

Oakland Community College
Auburn Hills Campus
Building H (Gymnasium)
2900 Featherstone Road
Auburn Hills, MI 48326-2817

Battle Creek

Kellogg Community College
Ohm Technology Building, Main Floor
450 North Avenue
Battle Creek, Michigan 49017

Benton Harbor

Lake Michigan College
Napier Campus
Richard J. Pappas Student Services Center
2755 East Napier Avenue
Benton Harbor, MI 49022

Dearborn

University of Michigan- Dearborn
Multipurpose Room
University Center
4901 Evergreen Road
Dearborn, MI 48128-2406

Detroit

Wayne State University
David Adamany Undergraduate Library
Community Room, 3rd Floor
5155 Gullen Mall
Detroit, MI 48202-3962

Escanaba

Bay de Noc Community College
2001 North Lincoln Road
Escanaba MI 49829

Flint

University of Michigan- Flint
Michigan Rooms – University Center Building
303 E. Kearsley Street
Flint, MI 48502

Grand Rapids

Grand Valley State University- Pew Campus
DeVos Center
401 W. Fulton
Grand Rapids, MI 49504-6431

Holland

Davenport University
Room 214
643 S. Waverly Rd.
Holland, MI 49423

Jackson

Jackson High School Cafeteria
544 Wildwood
Jackson, MI 49202

Kalamazoo

Kalamazoo Valley Community College
Student Commons
6767 West O Street
Kalamazoo, MI 49003

Lansing

Lansing Community College-West Campus
5708 Cornerstone Drive
Lansing, MI 48917

Marquette

Northern Michigan University
Huron/Erie Rooms
University Center
1401 Presque Isle Avenue
Marquette, MI 49855

Mt. Pleasant

Central Michigan University
Rotunda Room
Bovee University Center
103 E. Preston
Mt. Pleasant, MI 48858-4262

Muskegon

Muskegon High School Cafeteria
80 W. Southern Ave.
Muskegon, MI 49441-2541

Port Huron

St. Clair County Community College
323 Erie Street
Port Huron, MI 48061-5015

Saginaw/Bay City/Midland

Delta College
Main Campus Commons
1961 Delta Road
University Center, MI 48710

Sault Ste. Marie

Lake Superior State University
Walker Cisler Center
650 W. Easterday Avenue
Sault Ste. Marie, MI 49783

Southfield

Lawrence Technological University
Buell Management Building, Room 236
21000 West Ten Mile
Southfield, MI 48075-1058

Traverse City

Northwestern Michigan College
Beckett Bldg., Room 146/147
1701 E. Front Street
Traverse City, MI 49686

Warren

Macomb Community College - South Campus
John Lewis Student Community Center, Room K-301
14500 E. 12 Mile Road
Warren, MI 48088-3896

Ypsilanti/Ann Arbor

Eastern Michigan University
Bruce T. Halle Library
Rooms G07C and G11
955 W. Circle Drive
Ypsilanti, MI 48197

**91-DAY TREASURY BILL
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING DECEMBER 31, 2005**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Special Allowance Category
SA	7% 9%	.005 0	.001250 0	<u>SA</u> - for loans made before 10/01/81.
SB	7% 8% 9%	.0043 0 0	.001075 0 0	<u>SB</u> - for Stafford (subsidized) and PLUS loans made on/after 10/01/81 but before 10/17/86 or loans made on/after 10/17/86 but before 11/16/86, for enrollment periods beginning before 11/16/86.
SD	6.10% (*) 6.25% (**) 7% 8% 9% FVAR10 (6.25%) PLUS/SLS Var (5.41%) FVAR7, FVAR8, FVAR9, FVARX, EVAR (6.10%)	.0108 .0093 .0018 0 0 .0093 0 0 0 .0108	.002700 .002325 .000450 0 0 .002325 0 0 0 .00270	<u>SD</u> - for Stafford (subsidized) and PLUS/SLS loans made on/after 10/17/86 but prior to 11/16/86 for enrollment periods beginning on/after 11/16/86. For Stafford (subsidized) and PLUS/SLS loans made on/after 11/16/86 but before 10/01/92. Also, for Stafford (unsubsidized) loans made prior to 10/01/92 for periods of enrollment beginning on/after 10/01/92. * Fixed-rate 7% Stafford loans, fixed-rate 8% Stafford loans and 8/10 Stafford loans (prior to 49 th month of repayment), fixed-rate 9% Stafford loans and 8/10% Stafford loans (on/after 49 th month of repayment (1992 amendments). ** Fixed-rate 8/10 Stafford loans (on/after 49 th month of repayment (1992 amendments).
SE	FVAR7 (6.10%) FVAR8 (6.10%) FVAR9 (6.10%) FVAR10 (6.10%) EVAR (6.10%) PLUS/SLS Var (5.26%)	.0093 .0093 .0093 .0093 .0093 0	.002325 .002325 .002325 .002325 .002325 0	<u>SE</u> - for Stafford loans made on/after 10/01/92 but prior to 07/01/94, regardless of the enrollment period, or loans made after 07/01/94 for an enrollment period ending prior to 07/01/94. Also, for PLUS loans made on/after 10/01/92 but before 07/01/94. Also, for SLS loans made on/after 10/01/92 but before 07/01/94; or certified before 07/01/94 and disbursed after 07/01/94.
SG	Stafford Var (6.10%) PLUS Var (5.26%)	.0093 .0053	.002325 .002325	<u>SG</u> - for Stafford loans made on/after 07/01/94 but before 07/01/95, or loans made on/after 07/01/95 but before 07/01/98, during periods of repayment or forbearance. Also, for PLUS loans made on/after 07/01/94 but before 07/01/98.
SH	Stafford Var (6.10%) PLUS Var (5.26%)	.0093 0	.002325 0	<u>SH</u> - for Stafford loans made on/after 07/01/95 but before 07/01/98 only during the in-school, grace, and deferment periods. Also, for PLUS loans made on/after 07/01/98 but prior to 01/01/00.
SJ	Stafford Var (4.70%) Stafford Var (5.30)*	.0143	.003575	<u>SJ</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the in-school, grace, and deferment periods. *All other periods.
SK	Stafford Var (5.30%)	.0143	.003575	<u>SK</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the repayment and forbearance periods.

PLEASE NOTE: The 91-day T-bill average (bond equivalent rate) is **3.93%** for the fourth quarter of **2005**. This results in the following yields:

SA 3.93% plus 3.50% = 7.43%	SG 3.93% plus 3.10% = 7.03%
SB 3.93% plus 3.50% = 7.43%	SH 3.93% plus 2.50% = 6.43%
SD 3.93% plus 3.25% = 7.18%	SJ 3.93% plus 2.20% = 6.13%
SE 3.93% plus 3.10% = 7.03%	SK 3.93% plus 2.80% = 6.73%

**91-DAY COMMERCIAL PAPER
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING DECEMBER 31, 2005**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Part IV: Special Allowance Category Column C
CA	Stafford Var (4.70%)	.0136	.003400	<u>CA</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, only during the in-school, grace, and deferment periods.
CB	Stafford Var (5.30%)	.0136	.003400	<u>CB</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, during the repayment and forbearance periods only .
CD	PLUS Var (5.26%)	0	0	<u>CD</u> - for PLUS loans made on/after 01/01/00 but prior to 07/01/06. Note: special allowance will not be paid unless the calculated interest rate exceeds the 9% cap.

PLEASE NOTE: The three-month Commercial Paper average (bond equivalent rate) is **4.32%** for the fourth quarter of **2005**. This results in the following yields:

CA 4.32% plus 1.74% = 6.06%
CB 4.32% plus 2.34% = 6.66%
CD 4.32% plus 2.64% = 6.96%